



STEVENS ENTERPRISES



Re:

Federal Trade Commission

Title: Notice of Proposed Rulemaking

Subject Category: Business Opportunity Rule

CFR Citation: 16 CFR Part 437

July 6, 2006

To whom it may concern,

The following comments are based on the proposed business opportunity rule. I hope my opinions are considered when determining the final ruling on this proposal.

I have been a traditional business owner for over 25 years. My expertise comes in the employment due diligence field where I consult, guide and develop best practice solutions for businesses throughout the United States for compliance and other liability issues.

I also sit on the Ethics and Accreditation committee of the National Association of Professional Background Screeners (N.A.P.B.S.) that I helped establish and am a founding member of.

The mission statement of N.A.P.B.S. is as follows:

“The National Association of Professional Background Screeners (NAPBS) exists to promote ethical business practices, promote compliance with the Fair Credit Reporting Act and foster awareness of issues related to consumer protection and privacy rights within the background screening industry.

The Association provides relevant programs and training aimed at empowering members to better serve clients and to maintain standards of excellence in the background screening industry.

The Association is active in public affairs and provides a unified voice on behalf of members to local, state and national lawmakers about issues impacting the background screening industry.”

I give you that preamble to assure you that as an individual I understand what fair and best practices are in an industry that is open to civil and criminal liability at all times.

I also know what fair and best practices are in the direct selling industry, since my wife and I have been Quixtar IBOs since its inception and prior to that, Amway distributors since 1992.

When we were shown the business concept and compensation plan, we were left with printed materials that verified the information that was drawn out for us during the presentation. Those materials were sufficient to make an informed decision, but since I am in the due diligence business, I contacted the government agencies who would have information about the company. I was only interested in the facts, not gossip. Once the facts were validated, we joined immediately.

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I knew enough about business to understand that success is never guaranteed. However, we were promised an opportunity to associate and engage with people who had succeeded in this business, and who were willing to teach us how they did it. That never happens in traditional business. Obviously, they had a financial interest in our success, but never charged us for their time, effort or expenses to help us achieve our own success. This concept was very foreign to me at that time, since I charged companies for my time and expenses as a consultant in my traditional business.

From that time to the present, my wife and I have had the privilege of working with people of integrity and high standards. We have also achieved a successful level (25% bonus level) in this business by helping others just as we were helped. After being in this business for several months, our business had paid for the initial investment and continues to pay all operating costs and beyond. We are looking forward to achieving other goals that we have set for ourselves, and are confident that we will make it happen.

Before we sponsor a new IBO, we ask what they want to accomplish in this business and in what time frame. From there we can address how realistic the goal is, where they will fit best on our team and then help them understand what it will take to achieve what they want. We also emphasize that success in any business (including the Quixtar business) does not come overnight and is not guaranteed. The facts are laid out in the information we leave with them (MMPSA 4400 – The IBO Plan).

If and when they are ready to get started, we break down the initial mandatory and optional (product pack) Quixtar IBO fees. That can range from the minimum \$45 (registration only), to approximately \$160 which includes all IBO publications (\$20) and a product pack (approximately \$95). All products have a 100% money back guarantee, and even the registration fee is refundable within a time frame, although we have not experienced that situation in our organization.

I would like to address some of the proposed requirements:

1. The requirement of a 7 day waiting period.

In my opinion, the requirement of a 7 day waiting period to join the Quixtar business serves no purpose, and can only cause a negative shift in momentum in both IBO numbers and product volume, which equates to income. Since our goal is to help the new IBO develop income and a team as soon as possible, this rule will only cause discouragement and an unnecessary challenge in the new IBOs belief system that this business works. I don't know of another industry that requires a 7 day waiting period to buy into a business once the related documentation has been reviewed.

2. The requirement to provide references:

Every IBO is an Independent Business Owner who is registered and placed on a specific team to work with specific people in a specific line of sponsorship with a specific and sometimes proprietary development strategy. Getting a reference from someone who may have a completely different development strategy, or none at all, and no financial interest in helping the perspective IBO can be extremely confusing for the prospective IBO, and may have a negative impact on their decision to join a specific organization. It's like getting a reference from a McDonalds franchise owner when you are buying a Wendy's Franchise. They both serve hamburgers, but have two different methodologies and systems for success. The Quixtar opportunity allows each IBO access to the same order consolidation site (www.quixtar.com) for product purchase, but does not provide specific development strategies, methodology or system for success. That is left to the associated organization (team) the IBO becomes a part of.

We do however encourage perspective IBOs to attend a meeting or conference to meet other IBOs who they would be associating with on a regular basis and to ask questions or get their opinions on anything they want.

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3. Requirement to provide a litigation list:

Even if this section of the proposal defined who the “seller” is, it would require authentication which means unnecessary and additional expense to someone. It may also mean that the litigation could be against an entity that the IBO has no relationship with. It would also include any filed litigation regardless of outcome. I believe this section has no purpose, merit or relevance at all. As you are aware, anyone can have a law suit filed against them for almost anything. I believe that what would amount to an arbitrary litigation list would only serve as another obstacle leading to doubt for a prospective IBO to have to overcome before making a decision to move forward and join. I've never seen any US company present a litigation list to a prospective employee. I don't think we should ask more of an IBO than from the top companies in the country.

4. The requirement for specific Earnings Disclosure:

When we show a prospective IBO the compensation plan, we use content reviewed material that includes the bonus chart and average incomes based on Point Value (PV) and Business Volume (BV). These numbers are verified on the MMPSA4400 document that we ask them to review. These numbers are accurate based on volume and structure of the business plan shown. In my experience, any further detailed explanation of bonus structure, percentages, etc. becomes overwhelming and confusing for the average person. More importantly those bonuses and percentages don't apply to an IBO until they reach a certain volume level. By then, they will have had time to learn and understand what they mean. In the meantime, our goal is to keep it simple and back it up with the support we promised.

5. The Requirement for Financial Substantiation:

We don't provide any prospective IBO with information about our personal income from our Quixtar business because it is “our” personal business and has no relevance as to any other IBO income. If asked, we will tell them the level that we have achieved and what the average income is for that level based on the IBO compensation plan. Because every IBO develops their business at their own pace and can structure it differently, requiring financial substantiation could disillusion a prospective IBO concerning their own potential. For instance, there can be ten different people involved in the same type of business for the same amount of time, and yet they all have different incomes. It is the same thing with Quixtar IBOs. The advantage is that there is an income bonus chart that allows for any IBO to determine their income based on the structure of their teams and the volume that flows through them. The income substantiation requirement would suggest to the prospective IBO that if they are involved in the business for the same amount of time as I am and at the same bonus level, they will make what I make, which can be completely untrue. They can make substantially more or less based on how they develop and structure their business, which is the decision of each IBO. This rule would be irrelevant and will not give anymore insight to the prospective IBO as to their own potential. This requirement can also be interpreted as a privacy issue for the IBO.

In conclusion, let me say that I would not be in the Quixtar business if it wasn't a business of integrity and high standards. I certainly wouldn't recommend or subject my children to any business opportunity that I didn't know for a fact worked exactly as advertised. They are both IBOs.

I understand that there are many direct selling companies out there who do not follow the same standards and stringencies that Quixtar does. I certainly agree that if they are not compliant with current FTC regulations as they relate to this industry, something should be done. However, I don't think the answer is to require unnecessary constraints that could literally have a negative impact on the income of Quixtar IBOs whose purpose is to legitimately succeed in this free enterprise opportunity.

Thank you for your time and attention.

Sincerely,

Daniel D. Stevens

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